

Report to: Finance Committee
Agenda item: 4
Date: 27 November 2014
Subject: Authority Budget for 2015/16
Sponsor: Authority Chief Executive
For: Review and Recommendation to the Authority

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1. Purpose of paper

- 1.1 This paper details the proposed budget for the Police Authority for 2015/16.

2. The Current Position

- 2.1 The current forecast for 2014/15 is £1,943k against a £1,919k budget. The increase is due to the legal and consultancy costs surrounding the Pension consultation for the Police Officers pension scheme. The full effect of these increased costs has partly been compensated by the lower salary costs in the Members area due to there now being 4 vacancies at the Authority.

3. Proposed Detailed Budget for 2015/16

- 3.1 The budget proposals have been developed using both the forecast and the budget for 2014/15, along with updating the assumptions used. The core 2015/16 budget shows an increase of 1.68% from the 2014/15 forecast, and is in line with the MTFP expectation of £1,970k
- 3.2 There is an extension to the core budget of 3 additional areas relating to special projects required in 2015/16. In total they amount to £63k and cover website redesign, internal audit increase in scope and stakeholder surveys. If approved this would bring the total Authority budget to £2,040k, an increase of 4.92% on the 2014/15 forecast.

3.3 The breakdown of the 2015/16 budget is as follows:

	2013/14	2014/15	2015/16	2014/15	
	Actual	Forecast	Budget	Mvmnt £	Mvmnt %
	£000	£000	£000		
STAFF SALARIES	646,952	685,721	858,991	173,270	25.27%
TEMPORARY STAFF	78,306	166,380	-	166,380	-100.00%
MEMBERS SALARIES	229,821	230,906	298,135	67,229	29.12%
TOTAL STAFF COSTS	955,079	1,083,007	1,157,125	74,118	6.84%
TRAVEL AND HOTEL (INC. EXPENSES)	32,996	23,715	27,600	3,885	16.38%
PROPERTY COSTS	116,641	132,952	133,690	738	0.55%
COMMUNICATIONS (INC EQUIP PURCHASES)	17,012	16,487	11,800	4,687	-28.43%
SUBSCRIPTIONS & PUBLICITY	44,295	40,042	42,535	2,493	6.23%
APPEALS	- 11,610	7,522	8,000	478	6.35%
INDEPENDENT CUSTODY VISITS	16,530	19,906	19,000	906	-4.55%
CONSULTANCY	305,228	219,023	197,732	21,291	-9.72%
LEGAL FEES	74,060	111,711	108,046	3,665	-3.28%
EXTERNAL AUDIT FEES	116,000	116,000	106,000	10,000	-8.62%
HMIC INSPECTIONS	69,310	47,997	60,000	12,003	25.01%
INTERNAL AUDIT FEES	99,504	80,001	80,000	1	0.00%
RECRUITMENT & TRAINING (INC. CONFERENCE FEES)	35,651	45,084	24,500	20,584	-45.66%
TOTAL NON STAFF	915,617	860,440	818,903	41,537	-4.83%
TOTAL	1,870,696	1,943,447	1,976,028	32,581	1.68%
Additional items for request:					
IT - website review and update			20,000		
Internal Audit - additional scope items			15,000		
Prior year amount for Stakeholder survey			28,000		
Total budget including additional spend			2,039,028	95,581	4.92%

3.4 Staff costs are made up of full time authority based employees and Members. It is expected that all temporary staff will be replaced by full time equivalents within the authority staff during 2015/16. The increase between temporary and permanent staff relates to the maternity leave payments for 2 staff equating to £40k additional cost in the year.

3.5 Members salaries have been lower in the previous years due to vacancies. The recruitment process is underway it is expected to result in 4 new members in position by P1 of 2015/16, this equates to the full increase of £67k noted above.

3.6 Travel & hotel expenditure has increased due to the expectation that there will be higher member expenses due to the recruitment of 4 new members. All other expenditure is in line with the prior year, break down as follows:

Members expenses	17,000
Payroll expenses and subsistence	3,900
Travel expenditure	2,700
Hotel Expenditure	4,000

3.7 Property costs have remained stable for the coming year. It is worth noting that the lease for the Authority's office comes up for renewal during the year and currently no costs in relation to moving premises have been budgeted for. A break down of the costs are as follows:

Building Rental	66,456
Business Rates	35,000
Service Charges	20,284
Electricity & Gas	4,000
Security, maintenance and clean	1,950
Hire Of Rooms (External)	2,000
Purch Furniture (non cap)	4,000

3.8 Communications costs have fallen by £5k due to large equipment purchases happening in 2014/15 which are not expected to be repeated, the breakdown of costs is as follows:

Telephone	6,300
Stationery	4,000
Postage	1,500

3.9 Subscriptions are made up of the following 3 key items in line with the prior year:

DODs Parliamentary Communications	14,393.58
ATOC	2,328.00
APCC	23,700.00

3.10 Appeals are expected to be in line with the prior year costs and no significant increase is expected.

3.11 Independent custody visits are expected to be in line with the prior year costs and no significant increase is expected.

3.12 Consultancy includes the review and consultation expected for the Police Staff pension scheme along

- 3.13 Legal fees includes costs for RPMI solicitor fees for the pension consultation, PSA and EPSA contract reviews,
- 3.14 External audit is a legal requirement for our statutory accounts process. Their expected fee estimation is £106k, a drop of £10k from the prior year.
- 3.15 HMIC inspections are budgeted at the maximum potential cost for the year. They are currently under budget for the 2014/15 financial year.
- 3.16 Internal audit are a requirement from DfT, and are assumed to be at the same level as 2014/15. It is worth noting that Internal Audit are undergoing a restructure, and as part of this process they are resetting their fee levels. Currently we have no indication of increased costs in this area.
- 3.17 Recruitment & training is expected to be significantly lower than the prior year due to the major roles within the Authority team now being filled. The key costs are:

4. Special project requests

- 4.1 Subject to approval by the committee, the Authority wish to engage on 3 specific projects within the year, which will result in an increase to the core budget of £63k.
- 4.2 Website review and update - The Authority website is currently using out of date software that is open to security breaches, glitches and unable to be edited easily. In addition the layout and structure of the website is confusing to users and does not highlight key and vital sections for return users to read. A project is required to transform the website into a clear communication tool that is relevant and speaks to all of the stakeholders. An approximation of £20k has been made for this project based on the cost of the most recent website update, and a more accurate costing analysis and plan will be put forwards upon approval of the high level spend.
- 4.3 Internal Audit additional scope areas - The Authority wish to engage with Internal Audit on a review of additional areas within the BTPA framework such as a review of the PSA charging model and the data within it. This would deliver further comfort to any TOC who wish to gain a better understanding of the model and also provide confidence to the Authority on the accuracy and completeness of the PSA charging mechanism. £15k is a provisional estimate with a more accurate quote to be obtained.

- 4.4 Stakeholder survey - in 2014/15 a total of £28k was spent on a detailed review and meeting process with high level management within each TOC. The outcomes and report have been highly valuable to the Authority and the BTP and we would like the ability to continue with this stakeholder engagement work in the coming year. £28k is based on the prior year total cost spend in stakeholder engagement surveys, with a more detailed scope, plan and budget to be obtained for the work in 2015/16.

5. Recommendations

- 5.1 The Finance Committee approves and recommends the proposed core budget to the Authority for approval
- 5.2 The Finance Committee approves the initial budget for the additional projects for 2015/16 with further accurate costs being presented when proposals have been received.